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SUBJECT: JAPANESE MORNING PRESS HIGHLIGHTS 06/02/06

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3) Prime Minister's Official Residence (Kantei)

Prime Minister's schedule, June 1

NIHON KEIZAI (Page 2) (Full)
June 2, 2006

08:10
Arrived at Kantei.

08:15
Met Deputy Chief Cabinet Secretary Nagase.

09:00
Attended a meeting of the Lower House Basic Education Law Special
Committee.

12:09
Arrived at Kantei.

12:33

Returned to his official residence.

14:03

Met at Kantei with Antigua and Barbuda Prime Minister Spencer, with Foreign Ministry Latin American and Caribbean Affairs Bureau Director General Sakaba and others present.

15:05

Met Science and Technology Minister Matsuda and Hitachi President Kazuo Furukawa.

16:00

Met Senior Agriculture and Fisheries Vice Minister Miura, Forestry Agency Director General Kawamura, and Deputy Chief Cabinet Secretary Suzuki.

16:35

Met former Prime Minister Kaifu, former Foreign Minister Machimura and others who once served as education minister.

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17:00

Met Cabinet Intelligence Director Mitani. Later visited the IT Strategy Headquarters.

19:04

Had a hair cut at a barbershop in the Capital Tokyu Hotel.

20:00

Returned to his official residence.

4) Prime Minister refuses to give speech before the US Congress, even though requested by the US; Reason for turning it down is not clear

NIHON KEIZAI (Page 2) (Full)
Evening, June 1, 2006

It was learned today that although Prime Minister Junichiro Koizumi was asked by the US government to give a speech before the US Congress during his late June visit to Washington, he has turned the offer down. A speech before a joint session of the Congress is considered in US political circles as a formal occasion, and there is no precedent of a Japanese prime minister ever having given one. The Foreign Ministry is puzzled as to the Prime Minister's motive for not accepting such an honored role.

According to a source connected to Japan-US relations, the US government has urged him to give the speech several times, as "an opportunity that hardly ever comes." One of the approaches came directly from Ambassador Schieffer himself.

Reportedly, the Prime Minister has not clarified his reason for turning the speech down. There was the case of House of Representatives Foreign Affairs Committee Chairman Hyde (Republican) sending a letter to Speaker Hastert expressing concern about the Prime Minister's visit to the US while he continues to visit Yasukuni Shrine. Some in the Japanese government take the view that the Prime Minister "gave heed to such moves in the US Congress."

Only three Japanese prime ministers have given speeches before the US Congress in the postwar period: Shigeru Yoshida, Nobusuke Kishi, and Hayato Ikeda. But there is no precedence for any prime minister addressing a joint session of both chambers.

5) Government to provide Indonesia with "weapons" under ODA program: three patrol boats to counter terrorism

TOKYO SHIMBUN (Page 1) (Full)
June 2, 2006

The government decided yesterday to provide Indonesia with three patrol boats to counter terrorism and piracy. The decision was

reported to the ruling coalition's security project team. A formal decision will be made with the approval of the ruling coalition.

The government has categorized the three patrol boats equipped with bulletproof glasses -- sturdier than regular vessels -- as "weapons."

It will be the first case to provide a foreign country with

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"weapons" under the official development assistance (ODA) program.

Japan's three weapons-export principles effectively prohibit weapons exports. The government has reached an agreement with Indonesia on the following conditions: (1) the patrol boats will be used only for cracking down on terrorism and piracy and other purposes; and (2) the boats will not be shifted to a third country without Japan's concurrence.

In 2004, the chief cabinet secretary released a statement on the joint development and production of missile defense saying that the three weapons-export principles would be considered on a case-by-case basis. The two conditions have already been applied to cases in which Japan provided other countries with equipment to dispose of mines and abandoned chemical weapons.

6) Issue of which country should bear 400-million-dollar loss emerging with KEDO decision to scrap light-water project

NIHON KEIZAI (Page 2) (Full)
June 2, 2006

The Korean Energy Development Organization (KEDO) has officially decided to scrap its light-water reactor construction project in North Korea. Following the decision, the Japanese government will soon launch discussion on what to do with the approximately 400-million-dollar loss (about 45 billion yen) in funds extended to KEDO through the Japan Bank for International Cooperation (JBIC). Keeping in mind the extremely small possibility that Pyongyang will make up for the loss, some officials have indicated that the loss should be covered by taxpayers' money. Relevant government agencies, however, are being slow to take action.

In a press conference yesterday, Senior Vice Foreign Minister Yasuhisa Shiozaki stressed the need for the government to ask North Korea to return the money extended to KEDO by JBIC, saying: "It is rational to return something borrowed."

Based on a basic agreement between the US and the North in 1994, KEDO started a project to construct two light-water reactors for North Korea in return for its freeze of its nuclear development programs. Japan, the US, South Korea, and Europe have joined the project, which will cost approximately 4.6 billion dollars. South Korea has also extended 1.135 billion dollars.

The government has attributed the cancellation of the KEDO project to Pyongyang's breach of the basic agreement with the US. But since the government has guaranteed the repayment of the loans, there will be no other means but to cover the loss by disbursing funds from the general account.

A JBIC official said: "The government has stated it would take every possible measure, so we will establish some framework with the Foreign Ministry and other relevant government agencies." But the Finance Ministry remains cautious about using taxpayers' money. With an eye on possible normalization of diplomatic relations between Japan and North Korea sometime in the future, some government officials suggest an idea of disposing of the loss under arrangements for economic cooperation with the North. A senior Foreign Ministry official commented yesterday: "A high-level political judgment is necessary for fiscal disbursements."

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There is no need to hurry."

7) Foreign Minister Aso reveals plan to draw up promotion measures for Central Asia

ASAHI (Page 4) (Full)
June 2, 2006

Foreign Minister Aso yesterday held a news briefing at the Japan National Press Club and revealed that he would form the first action plan that would include promotion measures centering on regional cooperation in Central Asia. After consulting on this plan at a foreign ministerial meeting of Japan, four Central Asian nations, and Afghanistan in Tokyo set for June 5, Aso will announce the plan.

Aso stated: "Central Asia is rich in underground natural resources. There are clashes of interests among various forces. Japan would like to play the role of catalyst for open regional cooperation." Aso's plan is likely to overlap with the Shanghai Cooperation Organization, a group consisting of Russia, China, and four Central Asian nations, but Aso said: "There's nothing that would cause trouble."

The plan will include measures to prevent proliferation of terrorism and narcotics, promotion of afforestation in areas around the Aral Sea, and improvement in transportation access from nearby areas.

8) Iraqi authorities arrest three suspects in connection with GSDF attack; Connection with al-Sadr suspected

YOMIURI (Page 2) (Full)
June 2, 2006

Ryoji Yanagisawa, Cairo

Iraqi security authorities have arrested three suspects in connection with the May 31 bomb attack on a convoy composed of Ground Self-Defense Force and Australian military vehicles in the southern Iraqi city of Samawah, a local security source revealed on June 1. One of them was found to have ties to hard-line Shiite leader Muqtada al-Sadr.

The British military, which is responsible for security in Muthanna Province (Provincial capital: Samawah), arrested another suspect after searching houses in the eastern suburb of Samawah in connection with the May 11 bomb attack on a vehicle contracted by the GSDF. British commander Brown revealed the information in a press conference on June 1.

9) LDP intends to get cabinet approval of bill to upgrade JDA to ministry status at cabinet meeting on June 9

ASAHI (Page 4) (Full)
June 2, 2006

The governing Liberal Democratic Party (LDP) and its junior coalition partner New Komeito yesterday held a meeting of the Project Team on Security Affairs headed by Taku Yamasaki in the Diet. In the meeting, the LDP explained its plan to get cabinet approval of the bill to upgrade the Defense Agency (JDA) to

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ministry status during a cabinet meeting on June 9. The New Komeito told the LDP that it would make efforts to come up with a conclusion about the bill in line with that schedule. Following this move, the government intends to submit the bill to the current Diet session, but it seems difficult to enact the bill into law while the Diet is in session.

10) LDP unhappy with decision to carry over bills; Koizumi's interference in Diet session "inappropriate"

YOMIURI (Page 4) (Excerpts)

June 2, 2006

With Prime Minister Junichiro Koizumi strong determination not to extend the current Diet session, the ruling camp has now decided that contentious bills will be carried over to the next session. In this regard, criticism erupted yesterday in the Liberal Democratic Party (LDP). It is extremely unusual for the prime minister to interfere to this extent in the affairs of a Diet session. Speculation is therefore rampant over Koizumi's motivation.

Legislature has the right of Diet management

In a meeting yesterday afternoon of the LDP House of Representatives members, Fumiaki Matsumoto of the Mori faction to which Koizumi belongs, turned upon the executive, arguing: "It's strange that the session will not be expended when important bills are about to clear the Diet. The legislature has the right of Diet management" All the more because successive prime ministers said that the ruling party would decide on whether to extend Diet sessions, Secretary General Tsutomu Takebe said, "We accept the prime minister's view, but we will look for our own position, as well."

In the meetings of other factions, too, many lawmakers criticized Koizumi's move. Yuya Niwa, co-leader of the Niwa-Koga faction, said, "I think you are unhappy since extremely important bills have been carried over. I assume the decision was made in consideration of the presidential election."

Six former education ministers, including former Prime Minister Toshiki Kaifu, called yesterday at the Prime Minister's Official Residence, to urge Koizumi to extend the session in order to pass a bill to revise the Basic Education Law, but Koizumi turned them down, responding: "The bills to be carried over would be able to pass through the Diet during the next session. We should deal with the bills with passion."

Reporters asked Koizumi last night, "Don't you think the next government will have heavy responsibility for so many key bills?" He just responded, "They should not take it as a burden. If the bills are enacted, they will be seen as the achievements of the next government."

11) Conspiracy bill to be enacted into law, with governing parties' acceptance of revisions called for by opposition Minshuto; Bill to clear Lower House possibly today; International crimes to come under new legislation

TOKYO SHIMBUN (Top play) (Excerpts)
June 2, 2006

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During a directors' meeting yesterday afternoon of the Lower House Committee on Judicial Affairs, the governing Liberal Democratic Party (LDP) and its junior coalition New Komeito announced that they would wholly accept the revisions called for by the main opposition Minshuto (Democratic Party of Japan) regarding an amendment to the Law for Punishing Organized Crimes, commonly known as the "conspiracy bill." The amendment makes conspiracy a crime punishable by law. The ruling parties intend to adopt the Minshuto-initiated revisions to the conspiracy bill by a majority from the ruling camp and Minshuto at a meeting of the same committee today. The ruling parties gave up on enacting the bill at one point, but the bill is now likely to be enacted into law during the current Diet session.

Minshuto, after listening to the government's explanation regarding the conspiracy bill at a committee meeting today, will decide on its attitude toward the bill, including whether to approve it or not. The government's explanation is expected to somewhat satisfy Minshuto.

In discussing the government's conspiracy bill, the ruling coalition and Minshuto have submitted their respective revisions.

Some have said that the government's bill and the ruling bloc's revisions apply the crime of conspiracy too broadly. Minshuto's revisions to the bill include: 1) Crimes subject to the law should warrant at least five years in prison at hard labor, as opposed to the four years stipulated by the government version, and 2) crimes subject to this legislation should be limited to those with international implications.

The United Nations Convention Against Transnational Organized Crime, which aims to make conspiracy a crime, was adopted by the UN in 2000. Japan has signed the convention, which states that the crimes subject to punishment should not be limited to transnational offenses.

But Minshuto claims that limiting the legislation to international crimes would not go against the purpose and aim of the convention. The party insists that it is possible for Japan to indicate that some provisions will not apply to it. But the government and the ruling parties have until recently criticized Minshuto's position.

Analysis: Politically-motivated move with Upper House election in mind

By Kei Sato

It became likely yesterday that the tug-of-war over the establishment of a conspiracy bill between the ruling and opposition parties would end in the ruling camp would wholly accepting Minshuto's revisions to the bill, although the ruling bloc at one point had given up on enacting the bill during the current Diet session. The reason why the ruling parties have now decided to wholly accept Minshuto's revisions at this point is because they want to put a stop to Minshuto's move to continue the battle over the conspiracy bill until the Upper House election slated for summer of next year.

The ruling parties were gearing up to force the bill through the Lower House Committee on Judicial Affairs during their meeting on

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May 19, but Prime Minister Junichiro Koizumi and his staff expressed concern over the possible impact on Diet deliberations. The ruling bloc eventually deferred taking a vote on the bill, accepting Lower House Speaker Yohei Kono's mediation. At this point, the option of ramming the bill through was taken off the table.

The ruling bloc thus has no choice but to somehow reach an agreement with Minshuto on revisions to the bill. But the problem with Minshuto's revisions is that crimes regarded as conspiracy are limited to organized crimes with international implications. On this point, the ruling parties have been unable to yield, as the United Nations Convention Against Transnational Organized Crime says that conspiracy should not be limited to transnational crimes.

12) Mindan passes on June 15 ceremony; Dark clouds over reconciliation with Chongryun

ASAHI (Page 39) (Excerpts)
June 2, 2006

The pro-Seoul Korean Residents Union in Japan (Mindan) decided yesterday to forgo taking part in the June 15 Unification Ceremony, which will be held in Gwangju, South Korea, from June 14, to celebrate the sixth anniversary of the summit between the leaders of North and South Korea in 2000. Mindan made this decision following strong objections from its regional bureaus. The participation in the ceremony was one of the main features in the agreement reached in the first meeting of the top leaders of Mindan and the pro-Pyongyang General Association of Korean Residents in Japan (Chongryun). The decision will likely have a serious impact on the development of the two groups' reconciliation efforts.

Yesterday, Mindan held a meeting at its central headquarters in Minato Ward, Tokyo. Senior members of the central executive committee and local bureaus attended the meeting. They discussed whether the organization would take part in the June 15 Joint Declaration Executive Japan Committee.

The memorial ceremony will be conducted jointly by the committee made up of North and South Koreans and the committee in Japan, which is composed of Chongryun and other organizations. Mindan was asked at the end of April to take part. Following this, the pro-Seoul group wrote in the May 17 joint statement that it would attend the ceremony as a representative of the committee in Japan.

However, objections were raised in its central committee meeting yesterday. In the meeting, criticism focused on the fact that a senior member of the pro-Seoul Association of Korean Unification in Japan, which Mindan regards as "an enemy organization," chairs the ceremonial committee in Japan. Therefore Mindan was unable to obtain approval.

Commentary

The joint statement released by Mindan and Chongryun states that the two groups will proactively join the ethnic movement to realize the June 15 South and North Korea Declaration. However, participation in the ceremony, a possible starting point for the

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reconciliation, was rejected due to internal conflict within Mindan.

Soon after the agreement on the reconciliation was reached, the Niigata prefectural bureau expressed displeasure, saying that it was unbelievable. Some regional bureaus have called for a withdrawal of the joint declaration.

13) Takenaka panel comes up with no specific plan for NTT reform in face of LDP reaction

ASAHI (Page 11) (Excerpts)
June 2, 2006

The Telecommunications and Broadcasting Committee had indicated a strong determination to carry out NTT reform, saying that it would not regard anything as a taboo. But the panel now has failed to come up with any specific measures. In the face of a strong reaction from the Liberal Democratic Party and NTT, the panel is likely to put the matter on hold. The organization of NTT, though, has been strained, as remarkable technical renovation is going on in the telecommunications industry. Under such a situation, NTT reform debate, which was started after NTT was privatized in 1985, is unlikely to die down.

Presenting four plans three weeks ago, including one for completely splitting the organization, the Takenaka panel came up with this conclusion: "It is necessary at least to separate the function of access networks (local phone circuits) from the organization."

14) Government starts public hearings on US beef imports

ASAHI (Page 4) (Slightly abridged)
June 2, 2006

On the issue of whether to resume US beef imports, the government started public hearings with consumers, with one in Sendai yesterday. Japan imposed a second ban on US beef imports this January. The ban has left some of imported beef stored in freezers or refrigerators at port facilities in the nation. If Japan decides to resume US beef imports and finds no problem with the stored product in inspections, the government will approve their import, too. According to an industrial association, more than 1,000 tons of beef are in storage, and that beef is expected to be the first shipment of imports.

In the hearing, the government explained additional safeguard measures, such as a strengthened quarantine system to have Japanese inspectors to check products at meat-processing facilities in the US based on a provided list of export-authorized products.

According the US government's re-inspections, however, no faults were found only in 10 out of the 35 plants with licenses to ship beef. The government also disclosed this fact to consumers.

SCHIEFFER